

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Colon Community Fire Department	County St. Joseph
Fiscal Year End 03/31/06	Opinion Date 07/02/06	Date Audit Report Submitted to State 09/08/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

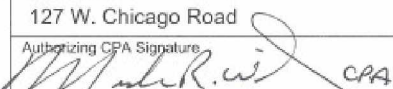
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No Comments and Recommendations	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Norman & Paulsen, P.C.		Telephone Number 269-651-3228	
Street Address 127 W. Chicago Road		City Sturgis	State MI
Zip 49091			
Authorizing CPA Signature 	Printed Name Michael R Wilson	License Number 1101017570	

COLON COMMUNITY FIRE AND  
RESCUE DEPARTMENT  
ST. JOSEPH COUNTY, MICHIGAN

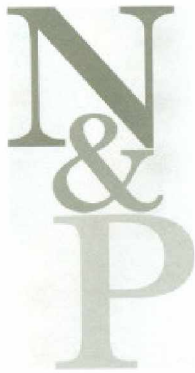
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

MARCH 31, 2006

# COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

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**Norman & Paulsen, P.C.**

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board  
Colon Community Fire and Rescue Department

We have audited the accompanying financial statements of the governmental activities and the major fund of the Colon Community Fire and Rescue Department, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Colon Community Fire and Rescue Department management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Colon Community Fire and Rescue Department, as of March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Donald L. Paulsen, CPA  
Patrick J. Monahan, CPA  
Bruce S. A. Gosling, CPA  
Michael R. Wilson, CPA  
Rick L. Strawser, CPA  
Jerrel T. Norman (1941-1982)

July 2, 2006

*Norman & Paulsen, P.C.*

## **COLON COMMUNITY FIRE AND RESCUE DEPARTMENT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Colon Community Fire and Rescue Department financial performance provides an overview of the Department's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Department's financial statements.

#### **Financial Highlights**

The Department's overall financial position decreased by \$14,690 during the fiscal year ended March 31, 2006, which represents 5 percent of the net asset position at the beginning of the year. This decrease was primarily the depreciation expense on vehicles and equipment in the amount of \$29,349.

The Department's Governmental Funds reflected a total fund balance at March 31, 2006 of \$95,858, which was an increase of \$6,159 from the prior year end.

The total Governmental Fund expenditures for the year ended March 31, 2006, amounted to \$126,620, of which \$121,477 were funded from intergovernmental support.

#### **Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Department as a whole and present a longer-term view of the Department's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the supporting governmental units have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the supporting governmental units' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Department's operations in more detail than the government-wide financial statements by providing information about the Department's most significant funds.

# COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### The Department as a Whole

The following table shows, in a condensed format, the net assets as of the current year end and compared to the prior year end under the modified accrual basis of accounting:

	Governmental Funds	
	2006	2005
Assets	\$ 100,128	\$ 93,821
Liabilities	4,270	4,122
Fund Balance	<u>\$ 95,858</u>	<u>\$ 89,699</u>

The following table shows, in a condensed format, the net assets of the current year end and compared to the prior year end as required by GASB 34 stated under the full accrual basis.

	Governmental Activities	
	2006	2005
Current and other assets	\$ 100,128	\$ 93,821
Capital assets	<u>175,974</u>	<u>196,823</u>
Total assets	276,102	290,644
Current and other liabilities	4,270	4,122
Net assets		
Invested in capital assets, net of related debt	175,974	196,823
Unrestricted	<u>95,858</u>	<u>89,699</u>
Total net assets	<u>\$ 271,832</u>	<u>\$ 286,522</u>

# COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table shows the changes of the net assets during the current year as compared to the prior year, under the modified accrual basis of accounting:

	Governmental Funds	
	<u>2006</u>	<u>2005</u>
Revenue		
Intergovernmental support	\$ 121,477	\$ 126,825
Interest	546	700
Insurance	7,256	4,706
Miscellaneous	<u>3,500</u>	<u>125</u>
Total revenue	132,779	132,356
Program expenses		
Public safety	<u>126,620</u>	<u>130,651</u>
Excess (deficiency)	<u>\$ 6,159</u>	<u>\$ 1,705</u>

The following table shows, in a condensed format, the changes in net assets during the current year as compared to the prior year as required by GASB 34 stated under the full accrual basis of accounting.

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Revenues		
Program revenues		
Charges for services	\$ 128,733	\$ 131,531
General revenues		
Investment earnings	546	700
Miscellaneous	<u>3,500</u>	<u>125</u>
Total revenues	132,779	132,356
Expenses		
Public safety - fire protection	<u>147,469</u>	<u>159,575</u>
Change in net assets	<u>\$ (14,690)</u>	<u>\$ (27,219)</u>

## **COLON COMMUNITY FIRE AND RESCUE DEPARTMENT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **The Department's Funds**

Our analysis of the Department's major funds begins on page 8, following the government-wide financial statements. The fund financial statements provide detailed information about the significant funds, not the Department as a whole. Major funds for the fiscal year ended March 31, 2006 include the General Fund. The General Fund pays for all of the Department's public safety services and is funded primarily by charges to participating governmental units.

#### **General Fund Budgetary Highlights**

As shown in the required supplemental information, the Department budgeted a decrease of \$14,297 in the original budget. Actual operating results ended up as an increase of \$6,159.

The original budget was not amended.

#### **Capital Assets and Debt Administration**

During the year ended March 31, 2006, the Department had major repairs on the tanker truck in the amount of \$8,500.

The Department has no long-term debt obligations.

#### **Contacting the Department's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Department's finances and to show the Department's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Colon Community Fire and Rescue Department.



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

STATEMENT OF NET ASSETS  
MARCH 31, 2006

	<u>Primary Government</u>	<u>Governmental Activities</u>
ASSETS		
Cash and cash equivalents	\$ 82,419	
Prepaid and other assets	17,709	
Capital assets - net	<u>175,974</u>	
Total assets		276,102
LIABILITIES		
Accounts payable		2,361
Accrued payroll taxes		<u>1,909</u>
Total liabilities		4,270
NET ASSETS		
Invested in capital assets, net of related debt		175,974
Unrestricted		<u>95,858</u>
Total net assets	<u>\$</u>	<u>271,832</u>

See accompanying notes to financial statements

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2006

		Program Revenue		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes in
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Services</u>	<u>Contributions</u>	<u>Net Assets</u>
Primary government				
Governmental activities:				
Public safety	<u>\$ 147,469</u>	<u>\$ 128,733</u>	<u>\$ -</u>	\$ (18,736)
General revenues:				
Unrestricted investment earnings				546
Miscellaneous				<u>3,500</u>
Total general revenues				<u>4,046</u>
CHANGE IN NET ASSETS				(14,690)
NET ASSETS - BEGINNING				<u>286,522</u>
NET ASSETS - ENDING				<u>\$ 271,832</u>

See accompanying notes to the financial statements

## **FUND FINANCIAL STATEMENTS**

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

GOVERNMENTAL FUNDS  
BALANCE SHEET  
MARCH 31, 2006

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 82,419
Accounts receivable	1,250
Prepaid expenditures	<u>16,459</u>
Total assets	<u>\$ 100,128</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 2,361
Accrued payroll taxes	<u>1,909</u>
Total liabilities	4,270
 FUND BALANCE	
Designated for equipment purchases	33,815
Unreserved, undesignated	<u>62,043</u>
Total fund balance	<u>95,858</u>
 Total liabilities and fund balance	<u>\$ 100,128</u>

See accompanying notes to the financial statements

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

GOVERNMENTAL FUNDS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES

TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

MARCH 31, 2006

Total governmental fund balances	\$	95,858
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Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities  
are not financial resources and therefore are  
not reported in the funds.

Governmental capital assets	\$	597,470	
Less accumulated depreciation		<u>(421,496)</u>	<u>175,974</u>
Net assets of governmental activities			<u>\$ 271,832</u>

See accompanying notes to the financial statements

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
YEAR ENDED MARCH 31, 2006

	<u>General Fund</u>
REVENUES	
Intergovernmental support	\$ 121,477
Interest	546
Insurance	7,256
Miscellaneous	<u>3,500</u>
Total revenues	132,779
EXPENDITURES	
Public safety	118,120
Capital outlay	<u>8,500</u>
Total expenditures	<u>126,620</u>
EXCESS OF REVENUES OVER EXPENDITURES	6,159
FUND BALANCE - BEGINNING OF YEAR	<u>89,699</u>
FUND BALANCE - END OF YEAR	<u>\$ 95,858</u>

See accompanying notes to the financial statements

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2006

Net change in fund balances - total governmental funds                      \$            6,159

Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those  
assets is depreciated over their estimated useful lives.

Expenditures for capital assets	8,500
Depreciation expense	<u>(29,349)</u>

Change in net assets of governmental activities	<u>\$        (14,690)</u>
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See accompanying notes to the financial statements



## **COLON COMMUNITY FIRE AND RESCUE DEPARTMENT**

### **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2006**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Colon Community Fire and Rescue Department conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies establishing GAAP and used by the Department are discussed below.

##### **Reporting Entity**

The Colon Community Fire and Rescue Department, by law, is not a separate entity, but a fund shared by the participating governmental units. The Colon Village Board and the Colon Township Board have allowed the Department to report as a separate unit.

The Colon Community Fire and Rescue Department operates under a Chairman - joint board form of government and provides the following services as authorized under its inter-local agreement:

Provide fire and rescue protection services to the Village of Colon and the Township of Colon.

**Basis of Accounting - Government-Wide Financial Statements** - The statement of net assets and the statement of activities display information about the Department as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in preparation of the proprietary fund financial statements but differs from the manner in which the governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**COLON COMMUNITY FIRE AND RESCUE DEPARTMENT**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the Department and for each governmental and component unit program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Some functions, such as administrative and financial services include expenses that are, in essence, indirect expenses of other functions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Department.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available, it is the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

**Basis of Accounting - Fund Financial Statements** - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. A fund is considered major if it is the primary operating fund of the Department or meets the following criteria:

- \* Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- \* Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The Department reports the following major funds:

**General Fund** - The general fund is the general operating fund of the Department. The fund is used to account for all financial transactions except those required to be accounted for in another fund. Revenues are derived primarily from other governmental units.

The following is a description of the major category and fund type within that category:

**Governmental Fund** - All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., when they become both measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**Revenue Recognition** - "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Department considers intergovernmental support, interest revenue and charges for sales and services as susceptible to accrual if the amount was due on or before fiscal year end and collection was within one year after year end. Reimbursements due for state and federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made. All other revenue is recognized as payments are received.

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**Expenditure Recognition** - The measurement focus of governmental accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocation of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The following is a description of the governmental fund types of the Department:

**General Fund** - The general fund is the general operating fund of the Department. The fund is used to account for all financial transactions except those required to be accounted for in another fund. Revenues are derived primarily from other governmental units.

**Budgets and Budgetary Accounting** - Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the general fund. The Department adopts its budget in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriation act to implement the budget.

**Deposits and Investments** - Statutes authorize the primary government and component units to invest in the following:

- \* In bonds, securities and other obligations of the United States or agency or instrumentality of the United States.
- \* In certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation, a saving and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- \* In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- \* In United States government of federal agency obligation repurchase agreements.

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- \* In banker's acceptances of United States banks.
- \* In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- \* In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/due from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

All trade receivables are shown as net of allowance for uncollectible amounts.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets and Depreciation** - Capital assets, which include vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Department as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or construction. Contributed assets are recorded at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are also capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	Depreciable <u>Life-Years</u>
Machinery and equipment	5-20
Vehicles	5-20

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Department uses financial institutions for cash and cash equivalent purposes, which are in accordance with statutory authority.

The accounts maintained in the financial institutions are checking and savings.

At March 31, 2006, the carrying amount of the Department's deposits was \$82,419 and the bank balance was \$93,305. The differences between the balances are the result of checks issued by the Department but not yet presented for payment. The risk exposure of all cash and cash equivalents at March 31, 2006, is as follows:

Insured	\$ 93,305
Uninsured	<u>-</u>
Total cash and cash equivalents	<u>\$ 93,305</u>

**COLON COMMUNITY FIRE AND RESCUE DEPARTMENT**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006**

**NOTE 3 - CAPITAL ASSETS**

Capital assets activity for the year ended March 31, 2006, was as follows:

	Balance April 1, 2005	Additions	Disposals	Balance March 31, 2006
<u>Primary Government</u>				
Governmental activities				
Capital assets, being depreciated:				
Vehicles	\$ 523,464	\$ 8,500	\$ -	\$ 531,964
Machinery and equipment	<u>65,506</u>	<u>-</u>	<u>-</u>	<u>65,506</u>
Subtotal	588,970	8,500	-	597,470
Accumulated depreciation				
Vehicles	354,181	20,848	-	375,029
Machinery and equipment	<u>37,966</u>	<u>8,501</u>	<u>-</u>	<u>46,467</u>
Subtotal	<u>392,147</u>	<u>29,349</u>	<u>-</u>	<u>421,496</u>
Net capital assets being depreciated	<u>\$ 196,823</u>			<u>\$ 175,974</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public safety	<u>\$ 29,349</u>

**COLON COMMUNITY FIRE AND RESCUE DEPARTMENT**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2006**

**NOTE 4 - RISK MANAGEMENT**

The Department is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Department has purchased commercial insurance for most risks of loss to which it is exposed. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 5 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The annual budget is prepared by the Department management and adopted by the Department Board; subsequent amendments are approved by the Department Board. Unexpended appropriations lapse at year-end; encumbrances are not included as expenditures. During the current year, the budget was not amended.

The budget has been prepared in accordance with generally accepted accounting principles.

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Department were adopted on a fund level basis.

During the year ended March 31, 2006, the Department incurred no expenditures in excess of the amounts appropriated at the legal level of budgetary control.



**REQUIRED SUPPLEMENTAL INFORMATION**

**COLON COMMUNITY FIRE AND RESCUE DEPARTMENT**

**REQUIRED SUPPLEMENTAL INFORMATION**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

**YEAR ENDED MARCH 31, 2006**

	Original and Amended <u>Budget</u>	<u>Actual</u>	Variance With Amended <u>Budget</u>
<b>REVENUES</b>			
Intergovernmental support			
Charges for services			
Colon Township	\$ 76,095	\$ 70,747	\$ (5,348)
Colon Village	<u>50,730</u>	<u>50,730</u>	<u>-</u>
Total intergovernmental support	126,825	121,477	(5,348)
Insurance	-	7,256	7,256
Interest	-	546	546
Miscellaneous	<u>-</u>	<u>3,500</u>	<u>3,500</u>
Total revenues	126,825	132,779	5,954
<b>EXPENDITURES</b>			
Public safety			
Officers wages	17,650	4,163	13,487
Fire and rescue wages	20,800	30,682	(9,882)
Fire board wages	3,232	1,680	1,552
Payroll taxes	4,377	2,813	1,564
Office supplies and postage	1,650	958	692
Gas and oil	2,400	3,296	(896)
Operating supplies	2,900	2,184	716
Computer expense	2,000	510	1,490
Professional services	4,000	1,500	2,500
Membership and dues	300	11	289
Communication	300	573	(273)
Transportation	123	-	123
Printing and publishing	390	-	390
Workmans Comp insurance	5,800	1,508	4,292
Property and liability insurance	17,000	27,437	(10,437)
Water and sewer	1,000	1,427	(427)
Heat	2,400	3,631	(1,231)
Electric	2,400	3,452	(1,052)
Telephone	1,700	1,630	70
Repairs and maintenance	8,700	3,871	4,829
Medical	-	38	(38)

Continued on next page

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED MARCH 31, 2006

	Original and Amended Budget	Actual	Variance With Amended Budget
EXPENDITURES - Continued			
Hydrant rental	13,500	13,879	(379)
Education	6,000	5,493	507
Equipment	22,500	14,524	7,976
Miscellaneous	<u>-</u>	<u>1,360</u>	<u>(1,360)</u>
Total expenditures	<u>141,122</u>	<u>126,620</u>	<u>14,502</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(14,297)	6,159	20,456
FUND BALANCE - Beginning of year	<u>89,699</u>	<u>89,699</u>	<u>-</u>
FUND BALANCE - End of year	<u>\$ 75,402</u>	<u>\$ 95,858</u>	<u>\$ 20,456</u>